

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 EB-07 FEAE-00 COME-00 INT-05

TRSE-00 OES-03 L-02 AID-05 /050 W

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P R 141547Z MAY 75

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8856

INFO AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 0780

E.O. 11652: N/A

TAGS: EGEN EIND BGEN

SUBJ: MOBIL CONSIDERS SALE OF BARBADOS' REFINERY

1. ARTICLE IN 5/10/75 ADVOCATE NEWS DISCLOSED THAT GLOBAL PETROLEUM, TEXAS-BASED FIRM, HAS MADE OFFER TO MOBIL OF APPROXIMATELY US \$1.5 MILLION FOR ITS BARBADOS ASSETS WHICH INCLUDE SMALL REFINERY, LAND AND SIX SERVICE STATIONS. ARTICLE STATED THAT MOBIL OFFICIALS HAVE DECLINED COMMENT PENDING COMPLETION OF OFFICIAL STUDY ON WHETHER GOB SHOULD ASSUME RESPONSIBILITY IN WHOLE OR IN PART FOR IMPORT, REFINING AND DISTRIBUTION OF PETROLEUM PRODUCTS.

2. GOB APPOINTED STUDY COMMISSION LAST SUMMER AT TIME OF ITS CLASH WITH MOBIL IN PART AS PALLIATIVE TO PUBLIC OPPOSITION TO GASOLINE PRICE INCREASES. WE UNDERSTAND COMMISSION HAS BEEN RELATIVELY INACTIVE SINCE ITS INCEPTION BUT THAT DISCLOSURE OF GLOBAL OFFER HAS NOW RE-INVIGORATED NATIONALIZATION STUDY. OVIOUSLY NO FOREIGN BUYER IS LIKELY TO COME IN UNTIL GOB MAKES CLEAR ITS POLICIES ON OWNERSHIP AND OPERATION OF INDUSTRY.

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3. WE UNDERSTAND THAT GLOBAL PETROLEUM IS SMALL FIRM WITH NO

ESTABLISHED REPUTATION AND FURTHERMORE THAT ITS PRINCIPAL, IDENTIFIED ONLY AS A MR. BUCHANAN, IS BETTER KNOWN FOR WHEELING-DEALING IN STOCK THAN IN PRODUCTION OR MANUFACTURING FIELDS. THERE IS NO QUESTION THAT UNECONOMICALLY SMALL SCALE OF REFINERY, ITS CHRONIC LOSSES PLUS IMMINENT NATIONALIZATION OF MOBIL ASSETS IN VENEZUELA (PRINCIPAL SOURCE OF CRUDE) MAKE MOBIL EAGER TO DIVEST ITSELF OF LOCAL OPERATIONS. TRADE MINISTER BRANFORD TAITT, HOWEVER, RECENTLY TOLD AMBASSADOR THAT GOB HAD NO INTENTION OF APPROVING SALE OF LOCAL MOBIL ASSETS TO SMALL UNKNOWN FIRM WHICH MAY WELL BE PART OF MANIPULATORY SCHEME. TAITT DISCLOSED THAT GOB PLANS WERE ULTIMATELY TO MOVE TO INCREASED LOCAL CONTROL OF REFINING AND LATER IMPORTING AND DISTRIBUTING OPERATIONS. TAITT DID NOT CLARIFY QUESTION OF WHETHER THESE OPERATIONS WOULD REMAIN UNDER PRIVATE AUSPICES OR WOULD BE NATIONALIZED BUT PM IS KNOWN TO HOLD VIEW THAT BUREAUCRACY INCAPABLE OF EFFECTIVELY HANDLING COMMERCIAL TYPE VENTURES.

4. CHANGES IN MAKE UP OF BARBADOS' PETROLEUM INDUSTRY ARE IN CARDS BUT THEY PROBABLY DO NOT INCLUDE PARTICIPATION OF GLOBAL PETROLEUM. UNTIL ITS OWN PLANS ARE FIRMER GOB WILL PROBABLY DECIDE TO CONTINUE TO LIVE WITH MOBIL.

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